

15 May 2020

**Despatch of Retail Entitlement Offer Booklet**

Cellnet Group Limited ACN 010 721 749 (**Company**) will today complete the despatch of the Retail Entitlement Offer Booklet and accompanying personalised Entitlement and Acceptance Form in relation to its accelerated renounceable pro-rata entitlement offer announced on 7 May 2020 to eligible retail shareholders.

Attached to this notice is:

- the Retail Entitlement Offer Booklet;
- a sample Entitlement and Acceptance Form; and
- a letter of notification to ineligible retail shareholders.

The Retail Entitlement Offer opens today and is scheduled to close at 5.00pm (Sydney time) on Friday, 29 May 2020.

For further information, please contact Chris Barnes, Executive Director, on 1300 235 563.

Authorised for release to ASX by the Board.

**ENDS**



**Cellnet Group Limited**  
ACN 010 721 749

**Retail Entitlement Offer Booklet**

In relation to

**An underwritten pro rata renounceable entitlement offer of 2.7 New Shares for every 1 Share held at an offer price of \$0.03 per New Share to raise up to approximately \$5.07 million.**

The Retail Entitlement Offer closes at 5pm (Sydney time) on Friday, 29 May 2020.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

**This Retail Entitlement Offer Booklet is important and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act.**

## TABLE OF CONTENTS

<b>Important Information.....</b>	<b>2</b>
<b>Message from the Board .....</b>	<b>3</b>
<b>Key Features of the Entitlement Offer .....</b>	<b>5</b>
<b>1</b> Details of the Retail Entitlement Offer .....	6
<b>2</b> How to participate .....	11
<b>3</b> Key risks .....	16
<b>4</b> Additional information .....	24
<b>5</b> Definitions .....	29
<b>Corporate Directory .....</b>	<b>31</b>

## IMPORTANT INFORMATION

This document is dated 15 May 2020. This Retail Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73* to Shareholders with a registered address in a Permitted Jurisdiction, recorded in the Register at 7.00pm (Sydney time) on Monday, 11 May 2020 (**Record Date**).

This document is not a prospectus under Australian law or under any other law and has not been lodged with ASIC. Accordingly, this document does not contain all of the information which would otherwise be required to be disclosed in a prospectus or product disclosure statement. As a result, it is important for you to read and understand the publicly available information on the Company (for example, the information available on the Company's website at [www.cellnet.com.au](http://www.cellnet.com.au) or on ASX's website at [www.asx.com](http://www.asx.com)) prior to deciding whether to accept your Entitlement and apply for New Shares. The information in this document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this document. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to the Company as of the date of this Retail Entitlement Offer Booklet. Except as required by law or regulation (including the Listing Rules) the Company undertakes no obligation to update these forward-looking statements.

Before making any decision to invest, Eligible Retail Shareholders must make their own investigations and analyses regarding the Company, its business, financial performance, assets, liabilities and prospects, rely on their own inquiries and judgements in the light of their own personal circumstances (including financial and taxation issues) and seek appropriate professional advice.

This Retail Entitlement Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US Person. Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Retail Entitlement Offer Booklet has been prepared for publication only in a Permitted Jurisdiction and may not be released elsewhere.

In this Retail Entitlement Offer Booklet, references to 'you', are references to Eligible Retail Shareholders and references to 'your Entitlement' and 'you Entitlement and Acceptance Form' are references to the Entitlement and the Entitlement and Acceptance Form, respectively, of Eligible Retail Shareholders.

Capitalised terms have the meaning given to them in section 5.

## MESSAGE FROM THE BOARD

15 May 2020

Dear Eligible Retail Shareholder

On behalf of your Directors, I am pleased to invite you to participate in the recently announced 2.7 for 1 underwritten accelerated pro rata renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of \$0.03 per New Share (**Entitlement Offer**).

On 7 May 2020, the Company announced its intention to raise up to \$5.07 million of equity (before offer costs) through an underwritten Entitlement Offer. The institutional accelerated component of the Entitlement Offer was completed on 12 May 2020 and raised approximately \$2.73 million (**Institutional Entitlement Offer**).

This Retail Entitlement Offer Booklet relates to the non-accelerated component of the Entitlement Offer (**Retail Entitlement Offer**).

### Use of funds

As announced on 7 May 2020, the additional equity will strengthen Cellnet's balance sheet and support the additional debt facilities provided by Cellnet's senior lender, Westpac. The proceeds of the Entitlement Offer will be applied towards inventory purchases, working capital and offer costs.

### Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are entitled to acquire 2.7 New Shares for every 1 existing Share held on the record date, being 7:00pm (Sydney time) on Monday, 11 May 2020 (**Record Date**).

The Offer Price of \$0.03 per New Share represents a significant discount to the closing price of Shares on 30 April 2020, the last trading day before the Entitlement Offer was announced, of \$0.11 per Share.

New Shares issued under the Entitlement Offer will rank equally with existing Shares.

This Retail Entitlement Offer Booklet relates to the Retail Entitlement Offer which offers Eligible Retail Shareholders the same opportunity offered to the investor who participated in the Institutional Entitlement Offer.

The Retail Entitlement Offer is fully underwritten by Thundering Herd Pty Ltd.

Further details of the Retail Entitlement Offer are set out in section 1.

### Top Up Facility

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Additional New Shares will be sourced from Entitlements that were not taken up by other Shareholders under the Entitlement Offer.

Please see section 1.5 for further details on how Additional New Shares will be allocated to Eligible Retail Shareholders.

### Actions required to take up your Entitlement

Your entitlement to subscribe for New Shares under the Retail Entitlement Offer is set out in your personalised Entitlement and Acceptance Form accompanying this Retail Entitlement Offer Booklet. Instructions on how to participate in the Retail Entitlement Offer are set out in section 2.

The Retail Entitlement Offer closes at 5:00pm (Sydney time) on Friday, 29 May 2020, unless extended. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money submitted by BPAY® are received before this time in accordance with the instructions set out on the form and in section 2.

### **Entitlements trading**

Entitlements are renounceable and will be tradeable on ASX or otherwise transferable.

### **Lapse of Entitlements**

If you take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement. You should note that if you renounce all or part of your Entitlement, then your percentage shareholding in the Company will be diluted by your non-participation in the Entitlement Offer.


### **Further information**

It is important that you carefully read this Retail Entitlement Offer Booklet and the other publicly available information about the Company, including information on our website ([www.cellnet.com.au](http://www.cellnet.com.au)) and consider, in particular, the risk factors referred to in section 3 before making any investment decision.

If you require further information on how to complete the Entitlement and Acceptance Form, please contact the Cellnet Group Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a horizontal line at the end.

Tony Pearson  
**Director**

## KEY FEATURES OF THE ENTITLEMENT OFFER

### Summary of Entitlement Offer

<b>Offer Price</b>	\$0.03 per New Share
<b>Closing Price on ASX before announcement of Entitlement Offer</b>	\$0.11
<b>Entitlement</b>	2.7 New Shares for every 1 Share held on the Record Date of Monday, 11 May 2020
<b>Top Up Facility</b>	Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement (Additional New Shares) - 1.5.
<b>Approximate number of New Shares that can be issued under the Entitlement Offer</b>	169,006,760 New Shares
<b>Approximate number of Shares that will be on issue following the Entitlement Offer</b>	231,601,856 Shares
<b>Approximate amount to be raised</b>	Approximately \$5.07 million

### Key dates

Suspension/ Announcement of Entitlement Offer	Thursday, 7 May 2020
Accelerated Institutional Entitlement Offer opened	Thursday, 7 May 2020
Institutional Entitlement Offer closed	Friday, 8 May 2020
Suspension lifted	Monday, 11 May 2020
Entitlement trading commences on a deferred settlement basis	
Record Date to determine Entitlements	7pm (Sydney time) on Monday, 11 May 2020
Settlement of New Shares under the Institutional Entitlement Offer	
Issue of New Shares under Institutional Entitlement Offer	Tuesday, 12 May 2020
Despatch of Retail Entitlement Offer Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	Friday, 15 May 2020
Opening date of the Retail Entitlement Offer	Friday, 15 May 2020
Entitlements trading ends	Friday, 22 May 2020
Retail Entitlement Offer Closing Date — last date for lodgement of Entitlement and Acceptance Form and payment of Application Money	5pm (Sydney time) on Friday, 29 May 2020
Announcement of results of Retail Entitlement Offer and Shortfall (if any) announced to the ASX	Wednesday, 3 June 2020
Settlement of New Shares under the Retail Entitlement Offer	Thursday, 4 June 2020
Issue of New Shares under the Retail Entitlement Offer	Friday, 5 June 2020
Holding statements for New Shares expected to be despatched	Tuesday, 9 June 2020
Normal trading of New Shares expected to commence on ASX	

Subject to the consent of the Underwriter, the Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer (including extending the Entitlement Offer or accepting late Applications) without notice. Any extension of the closing date will have a consequential effect on the issue date of the New Shares. The commencement of quotation of Entitlements and New Shares is subject to the discretion of the ASX. Eligible Retail Shareholders that wish to participate in the Retail Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Retail Entitlement Offer opens.

## 1 Details of the Retail Entitlement Offer

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### 1.1 Overview of the Entitlement Offer

The Entitlement Offer comprises:

- (a) **Institutional Entitlement Offer** - under which Eligible Institutional Shareholders were invited to take up all or part of their Entitlement.
- (b) **Retail Entitlement Offer** - under which Eligible Retail Shareholders are being sent this Retail Entitlement Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (c) **Top-Up Facility** - under which New Shares attributable to Entitlements not taken up by Eligible Retail Shareholders will be offered under a Top-Up Facility to Eligible Retail Shareholders that have exercised their full Entitlement. Please see section 1.5 for further details.

### 1.2 The Retail Entitlement Offer

Eligible Retail Shareholders are invited to participate in a fully underwritten pro rata renounceable Retail Entitlement Offer to raise up to approximately \$2.34 million (before costs). The Retail Entitlement Offer will be conducted on the basis of 2.7 New Shares for every 1 Share held on the Record Date, at an Offer Price of \$0.03 per New Share, which is payable in full on application.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Share.

**You can also apply for Additional New Shares** (described in Section 1.5 below) in addition to your Entitlement by following the instructions set out in Section 2.3.

### 1.3 Eligible Retail Shareholders

This Retail Entitlement Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders. An Eligible Retail Shareholder means a Shareholder who:

- (a) is registered as a holder of Shares on the Record Date;
- (b) has a registered address on the Company's Register in a Permitted Jurisdiction;
- (c) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder;
- (d) is not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered or any other approval or formality.

Shareholders that are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

### 1.4 Nominee for Ineligible Retail Shareholders

The Company has appointed Berne No 132 Nominees Pty Ltd to act as nominee (**Nominee**) for the Ineligible Retail Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Retail Entitlement Offer. The Company will issue the Entitlements that would have been granted to the Ineligible Retail Shareholders to the Nominee.

If there is a viable market for the Entitlements and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the Entitlements which would have been attributable to Ineligible Retail Shareholders.



The Nominee will distribute to the Ineligible Retail Shareholders the net proceeds (if any) of the sale of Entitlements in proportion to each Ineligible Retail Shareholder's Entitlements at Record Date by arranging for a cheque in Australian dollars to be sent to the address of the Ineligible Retail Shareholder as it appears in the records of the Company's Share Registry.

The Nominee will have absolute and sole discretion to determine the price for which the Entitlements of Ineligible Retail Shareholders may be sold so that a premium over the expenses of their sale can be made, as well as the timing and manner of such sale. Neither the Nominee nor the Company will be subject to any liability to Ineligible Retail Shareholders for failure to sell the Ineligible Retail Shareholder Entitlements or to sell them at a particular price.

If, as a result of the Nominee offering to sell or being invited to sell the Entitlements of Ineligible Retail Shareholders, the Nominee forms the reasonable opinion that:

- (a) there is not a viable market for the Entitlements; or
- (b) a surplus of sale proceeds over expenses from the sale cannot be obtained for the Entitlements that would otherwise have been offered to the Ineligible Retail Shareholders,

then the Entitlements will be allowed to lapse and the New Shares will form part of the Additional New Shares available under the Top Up Facility. If there is insufficient demand for the Additional New Shares under the Top Up Facility, those New Shares will become part of the Shortfall. In such circumstances, no money will be payable to Ineligible Retail Shareholders and the Ineligible Retail Shareholders will be informed accordingly in writing.

#### 1.5 **Top Up Facility**

Eligible Retail Shareholders that have fully subscribed for their Entitlements under the Retail Entitlement Offer will be able to subscribe for additional New Shares (**Additional New Shares**). Additional New Shares will only be available under the Top Up Facility to the extent other Eligible Retail Shareholders do not apply for their full Entitlements (or the Entitlements of Ineligible Retail Shareholders lapse).

Eligible Retail Shareholders who wish to apply for Additional New Shares under the Top Up Facility must do so at the same time as they apply for New Shares under the Retail Entitlement Offer by completing the relevant part of the Entitlement and Acceptance Form, or through BPAY®.

Decisions regarding the operation of the Top Up Facility (including the issue of any Additional New Shares) and any necessary scale back will be made by the Board. In the event that demand for Additional New Shares under the Top Up Facility exceed the number of Additional New Shares available, the number of additional New Shares issued to Eligible Retail Shareholders under the Top Up Facility will be scaled back on a pro rata basis.

No Additional New Shares will be issued to an Applicant under this Retail Entitlement Offer Booklet if the issue of Additional New Shares would contravene the takeover prohibition in section 606 of the Corporations Act, the Company's Constitution or the Listing Rules.

There is no guarantee that those Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or any.

#### 1.6 **Shortfall allocation policy**

Any New Shares offered under the Retail Entitlement Offer (including the Top Up Facility) that are not applied for will form the Shortfall Shares. The Shortfall Shares are underwritten by the Underwriter and will be allocated by the Board in consultation with the Underwriter.

#### 1.7 **Ranking of New Shares**

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.



## 1.8 **Withdrawal of Entitlement Offer**

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

## 1.9 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application for payment once it has been accepted, except as allowed by law.

## 1.10 **Entitlements trading**

Entitlements are renounceable and will be tradeable on the ASX or otherwise transferable. They are expected to be quoted and tradeable on market from Monday, 11 May 2020 (on a deferred settlement basis) to Friday, 22 May 2020 (**Entitlement Trading Period**).

Eligible Retail Shareholders may sell their Entitlements in order to realise value that may attach to those Entitlements if sold at that time. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact on the ability to sell Entitlements on market and the price able to be achieved.

Prices obtained for Entitlements may rise and fall over the Entitlement Trading Period and will depend on many factors including the demand for and supply of Entitlements and the value of the Company's shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time during the Entitlement Trading Period.

The Company and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or the Company's Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

## 1.11 **Minimum subscription**

There is no minimum subscription for the Entitlement Offer.

## 1.12 **Use of funds**

The net proceeds raised by the Entitlement Offer comprises the equity component of Cellnet's funding strategy. The additional equity will strengthen the Company's balance sheet and support the additional debt facilities provided by the Company's senior lender. The funds raised will be used to acquire inventory, for general working capital and to pay the Entitlement Offer costs.

There is no guarantee that the monies raised under the Entitlement Offer will be adequate or sufficient to meet the ongoing funding requirements of the Company. The adequacy of funding depends on ongoing effects of the COVID-19 pandemic on retail consumer demand including any recovery from the easing of restrictions.

If the Company requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions which are commercially acceptable to the Company. If the Company is unable to obtain such additional capital, either at all or on commercial terms, there could be a material adverse effect on its business, financial condition and operating results and on the value of its shares.

### 1.13 Effect on capital structure

The table below provides a pro-forma capital structure of the Company after completion of the Entitlement Offer (subject to rounding of fractional entitlements and issue of Reconciliation Shares, if required) and assuming:

- (a) no other Shares are issued by the Company between the announcement of the Entitlement Offer and the Closing Date; and
- (b) the Entitlement Offer is fully subscribed.

The actual outcome of the Entitlement Offer may differ.

Outcome	Number of Shares
Shares on issue before announcement of the Entitlement Offer	62,595,096
Approximate number of Shares issued under the Institutional Entitlement Offer	90,966,726
Approximate number of New Shares to be issued under the Retail Entitlement Offer	78,040,034
<b>Approximate number of Shares on issue after the Entitlement Offer</b>	<b>231,601,856</b>

### 1.14 Options

The Company currently has 2,400,000 options on issue in respect of unissued shares in the Company. None of these options are eligible for exercise prior to the Record Date. This Entitlement Offer will not result in the adjustment to the total number of those options on issue but may result in an adjustment to the exercise price of relating to those options.

### 1.15 Performance rights

No performance rights have been granted by the Company.

### 1.16 Underwriting

The Retail Entitlement Offer is fully underwritten. A summary of the underwriting terms is set out in section 4.3.

### 1.17 Opening and Closing Date for applications

The Retail Entitlement Offer opens for acceptances on Friday, 15 May 2020 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5pm (Sydney time) on Friday, 29 May 2020, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules.

### 1.18 Reconciliation and rights of the Company

The Entitlement Offer is a complex structure and in some instances investors may believe that they will own more Shares in the Company than they actually do on the Record Date. This results in a need for a reconciliation. If reconciliation is required, it is possible that the Company may need to issue a small quantity of additional Shares (**Reconciliation Shares**) to ensure all Eligible Retail Shareholders receive their full Entitlement. Reconciliation Shares will be issued at the Offer Price.

Cellnet reserves the right in its absolute discretion to reduce the number of Entitlements, New Shares or Additional New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders, if their claims proved to be overstated or if they (although nominees/custodians) fail to provide information to substantiate their claims. In that case, Cellnet may, in its discretion and subject to the Underwriting Agreement, require the relevant Shareholder to transfer excess New Shares to the Underwriter at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or purchase additional Shares on market to meet this obligation. The relevant

Shareholder will bear any and all losses and expenses caused by subscribing for New Shares in excess of their Entitlement and any actions that are required to take in this regard.

#### **1.19 Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than Friday, 5 June 2020. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

The Company and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Company's Share Registry or otherwise, or who otherwise purport to trade New Shares in error or which they do not hold or are not entitled to.

#### **1.20 Impact on control**

The potential effect that the Entitlement Offer will have on the control of the Company and the consequences of that effect, will depend on a number of factors including Eligible Retail Shareholders' interest in taking up their Entitlements and the level of participation by Eligible Retail Shareholders in the Top Up Facility. However, given the structure of the Entitlement Offer and the full underwriting of the Retail Entitlement Offer, no material impact on control is expected to arise as a result of the Entitlement Offer.

#### **1.21 Information availability**

Eligible Retail Shareholders can obtain a copy of this Retail Entitlement Offer Booklet from the Company's website at [www.cellnet.com.au](http://www.cellnet.com.au) or by calling the Share Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period. Persons who access the electronic version of this Retail Entitlement Offer Booklet should ensure that they download and read the entire Retail Entitlement Offer Booklet. The electronic version of this Retail Entitlement Offer Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

## 2 How to participate

### 2.1 What you may do — choices available

Before taking any action you should carefully read this Retail Entitlement Offer Booklet and the other publicly available information about the Company on our website ([www.cellnet.com.au](http://www.cellnet.com.au)) and consider the key risks set out in section 3.

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Retail Shareholder you may:

Alternatives	See section
Take up your Entitlement in full or in part	2.2
Take up your Entitlement in full and apply for Additional New Shares	2.3
Sell all or part of your Entitlements on ASX	2.5
Sell or transfer all or part of your Entitlement off-market (i.e. other than on ASX)	2.6
Allow your Entitlement to lapse by taking no action	2.7

### 2.2 If you wish to accept your Entitlement in full or in part

Either:

#### Payment by cheque or bank draft

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance Form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5pm (Sydney time) on Friday, 29 May 2020**.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to '**Cellnet Group Limited**' and crossed '**Not Negotiable**'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

or:

#### Payment by BPAY®

If you are paying for your New Shares by BPAY®, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY®:

- (a) you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money; and
- (c) if you pay an amount in excess of your Entitlement you are deemed to have taken up your full Entitlement, and any additional amount paid is deemed to be an application for Additional New Shares.

When completing your BPAY<sup>®</sup> payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares or Additional New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY<sup>®</sup> are received by **5pm (Sydney time) on Friday, 29 May 2020**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares or Additional New Shares multiplied by the Offer Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Retail Shareholders on any Application Money received or refunded.

### 2.3 If you wish to apply for Additional New Shares

If you have accepted your Entitlement in full and wish to acquire Additional New Shares under the offer, then:

- (a) if paying by cheque or bank draft:
  - (i) you should complete the relevant sections of the Entitlement and Acceptance Form, nominating the number of Additional New Shares that you wish to apply for and the corresponding payment amount; and
  - (ii) you should make payment as set out in Section 2.2 above for an amount that is the aggregate of the amount payable for both the New Shares and the Additional New Shares; and
- (b) if paying by BPAY<sup>®</sup>:
  - (i) follow the instructions set out in Section 2.2 above and make payment for the aggregate of the amount payable for both the New Shares and the Additional New Shares; and
  - (ii) the amount paid which exceeds your Entitlement will be deemed to be an application for Additional New Shares.

There is no guarantee that Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or any. The number of Additional New Shares will not exceed the Shortfall from the Retail Entitlement Offer. The Directors reserve the right to allot and issue Additional New Shares in their absolute discretion taking into account the factors set out in section 1.5 of this Retail Entitlement Offer Booklet.

### 2.4 Acceptance of the Retail Entitlement Offer

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you:

- (a) agree to be bound by the terms of this Retail Entitlement Offer Booklet and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;



- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY<sup>®</sup>, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Offer Price;
- (g) authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you, to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this Retail Entitlement Offer Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) you acknowledge the statement of risks in section 3 (Key Risks) and that an investment in the Company is subject to risk;
- (k) represent and warrant that the law of any place does not prohibit you from being given this Retail Entitlement Offer Booklet, making an application for New Shares or being issued New Shares;
- (l) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this Retail Entitlement Offer Booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form;
- (m) you are not in the United States and are not a US Person (see section 4.1 below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (n) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside of a Permitted Jurisdiction, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
- (o) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

## 2.5 **Sell all or part of your Entitlement on ASX**

You can only sell part of your Entitlements on ASX through a broker. If you are an issuer sponsored holder, you will need to set up an account with a broker before being able to sell your Entitlement on ASX.

You should ensure that you allow sufficient time for your broker to carry out your instructions. Please note that brokerage costs may be incurred if you sell all or some of your Entitlements on ASX, which depending on the number of your Entitlements, may have a material impact on the net proceeds you receive.

Entitlements trading on ASX starts on a deferred settlement basis on Monday, 11 May 2020 (ASX code: CLTR) and trading on ASX ends on Friday, 22 May 2020.

## 2.6 **Sell or transfer all or part of your Entitlement off-market**

If you wish to sell or transfer all or part of your Entitlement other than on ASX you must forward a completed Renunciation and Acceptance Form to the Share Registry in relation to the Entitlements that you wish to transfer.

If the transferee wishes to take up all or part of the Entitlements transferred to them, they must send their Application Money together with the Entitlement and Acceptance Form related to those Entitlements transferred to them to the Share Registry. Both you and the transferee must be issuer sponsored. If either party is CHESS sponsored, you will need to contact your broker.

You may only sell or transfer your Entitlements in this way to a transferee whose address is in a Permitted Jurisdiction, and who is not in the United States and who is not acting for the account or benefit of a person in the United States. Persons that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You represent and warrant that you have informed any proposed transferee of these restrictions before you complete any transfer to them.

You can obtain a Renunciation and Acceptance Form from the Cellnet Group Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

The Renunciation and Acceptance Form as well as the transferee's Application Money and the Entitlement and Acceptance Form related to the Entitlements must be received by the Share Registry no later than **5pm (Sydney time) on Friday, 29 May 2020**.

## 2.7 **If you take no action your Entitlements will lapse**

If you take no action you will not be allocated New Shares and your Entitlements will lapse.

Shareholders who do not take up, or dispose of, their Entitlements will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

## 2.8 **Payment for New Shares**

The Offer Price of \$0.03 per New Share is payable in full on application.

The Application Money payable for your Entitlement is set out on the Entitlement and Acceptance Form.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company whether or not the allotment of New Shares takes place.

## 2.9 **Notice to nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in a Permitted Jurisdiction, irrespective of whether they have participated under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.



Nominees and custodians who hold Shares as nominees or custodians should note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not); or
- (c) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up the Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States.

Cellnet is not required to determine whether or not any registered Shareholder is acting as a nominee or custodian or the identity or residents of any beneficial owners of Shares. Where any holder is acting as a nominee or custody in for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Cellnet is not able to advise on applicable foreign laws.

## 2.10 **Address details and enquiries**

Completed Entitlement and Acceptance Forms should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

Cellnet Group Limited  
C/- Link Market Services Limited  
GPO Box 3560  
SYDNEY NSW 2001

Please note that payment of Application Money by BPAY<sup>®</sup> does not require the return of the Acceptance Forms. If you would like further information you can contact your stockbroker, accountant or other professional adviser.

## 2.11 **Further information**

If you require further information on how to complete the Entitlement and Acceptance Form, please contact the Cellnet Group Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

### 3 Key risks

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#### 3.1 General

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company, its products, the industry in which it operates and the outcome of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in the Company. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance, financial performance, financial position, liquidity and the value of its Shares.

Before deciding to invest in the Company, potential investors should read the entire Retail Entitlement Offer Booklet and the risk factors that could affect the financial performance of the Company.

You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

#### 3.2 Specific Risk Factors

In addition to the general risks set out in section 3.2(a), the Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for Shares. Each of these factors could have a materially adverse impact on the Company's operating performance, financial performance, financial position, liquidity and the value of its Shares.

These include:

##### (a) Impact of COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, has restricted travel and the ability of individuals to leave their homes and travel to places of work.

The Company has already experienced a material adverse impact on the Company's financial performance as a result of stage 4 restrictions in New Zealand (government directive to close all non-essential retail, comprising Cellnet's entire customer base) and social distancing measures and directives implemented by Federal, State and Territory governments in Australia.

COVID-19 has already increased unemployment in Australia and New Zealand and it could reduce further consumer discretionary spending and demand for the Company's products.

Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on the Company's business.

However, a number of aspects of the Company's business may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including disruption to the Company's supply chain and workforce, particularly the availability of products and logistics (including shipping of materials and finished goods) and government imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers.

There is a risk that if the duration of events surrounding COVID-19 are prolonged, the Company may need to take additional measures in order to respond appropriately (eg restructuring to reduce further costs from its business and raising additional funding).

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic condition which may affect the revenue or costs of the Company.

(b) **Funding risk**

Cellnet has implemented a funding strategy comprising the raising of additional senior debt and equity to meet its immediate capital requirements. There is no guarantee however that the funds raised under this strategy or that the equity raised under the Entitlement Offer will be sufficient or adequate to meet the Company's capital needs in the short or medium term.

If the funds raised are insufficient or the support of its senior lender is withdrawn, Cellnet may be required to seek alternative funding. The availability of funding, and the terms on which it may be available, will depend on a number of factors, including market conditions, the availability of credit and the Company's credit standing. An inability to manage the funding risk for the Company may result in forced asset sales, defaults and lower origination of receivables rates.

There is no guarantee that if further funding is required, that Cellnet will be able to secure funding either at all or on reasonable commercial terms. If the Company is unable to obtain additional funding on acceptable terms in these circumstances, its financial condition and ability to continue operating may be adversely affected.

(c) **Liquidity risk**

The management of liquidity to meet the cashflow requirements of the Company including the purchase of inventory, payments to staff and suppliers and the payment of debts as and when they fall due is important to the Company's business operations.

Unexpected changes to future cost profiles could result in the Company's cash requirements being over and above its available liquidity. To the extent that the Company's operating cash flows, debt facilities and equity base are insufficient to meet its requirements for ongoing operations, for example, because the COVID-19 related restrictions prevail longer than expected, the Company may need to seek additional funding.

(d) **Financial risk**

Any dispute, or breakdown in the relationship, between the Company and its senior lender, could adversely impact the business if the Company's financial position deteriorates, or the Company is otherwise in breach of its financing terms, and its senior lender is unwilling to grant waivers or amendments to financing facilities, potentially resulting in debt covenant breaches or other defaults. If a breach of any of those covenants occur, the Company's senior lender may seek to exercise enforcement rights under the financing facility, including requiring immediate payment, which may lead to forced asset sales or default and have a material adverse effect on the financial performance and position of the Company.

While the Company currently has the support of its senior lender, it cannot guarantee that this will always be the case.

**(e) Supplier credit risk**

Suppliers typically provide payment credit terms to the Company which is a source of working capital. There is a risk that suppliers or their credit insurers may withdraw or limit their credit terms or insurance cover for amounts payable by Cellnet. The Company has received notification that an insurer has removed the insurance cover over trade credit provided to Cellnet. That supplier has provided an uninsured line of trade credit to Cellnet that partly offsets this loss of cover. There is a risk that other insurers may do the same or reduce the level of cover provided.

Accordingly, there is a risk that the Company will have a larger working capital requirement due to reduced supplier credit terms and be required to pay cash for purchases. Working capital constraints may reduce Cellnet's ability to purchase inventory and reduce sales, trade receivables and its ability to raise debt funding. If this occurs on a sustained basis, it may have a material adverse effect on the profitability and prospects of the Company.

**(f) Customer credit risk**

Cellnet also provides trade credit to its customers. The Company has a receivables insurance policy in place that protects it from non-payment by trade debtors. If a customer cannot pay a debt, does not pay a debt, or becomes insolvent, the insurer will, subject to an excess amount payable by Cellnet, cover the amount receivable up to an amount specified in the insurance policy.

The Company has received a notification from its insurer that it has removed the insurance cover that the insurer is willing to provide Cellnet in respect of trade credit provided by Cellnet to one material customer. There is a risk that other insurers may do the same or reduce the level of cover provided.

Accordingly, there is a risk that the Company's credit sales to the relevant customers will be reduced or self insured. This may reduce sales, receivables and the ability of the Company to raise additional finance from trade receivables.

**(g) Access to inventory**

Changes in the cost and availability of inventory can affect the ability of the Company to generate revenue, trade receivables and trade finance. Any working capital constraints can restrict the availability and quantity of inventory for the Company, affecting the Company's ability to meet consumer demand. If this occurs on a sustained basis, it may have a material adverse effect on the profitability and prospects of the Company.

**(h) Counterparty risk**

There is a risk that counterparties (including customers) may fail to meet their contractual obligations (particularly to the extent that counterparties are facing financial distress, including as a result of COVID-19) resulting in financial loss to the Company and impacting on the Company's business relationships and operations.

The Company cannot guarantee that its counterparties will fulfil these obligations or that the Company will successfully manage counterparty credit risk. While the Company holds insurance products to insure credit related losses with policy specifications and insured limits that the Company's consider are customarily carried for business of a similar nature and size (please see 'Insurance Risk – Trade Receivables Insurance' below), the failure of customers to meet their financial obligations to the Company may adversely impact on the Company's revenue and the financial position, performance and prospects.

**(i) Customer risk**

Cellnet is reliant on a number of key customers. There is a risk that if key customers terminate their contracts with the Company (or allow them to expire without renewing them) or change the terms to be less favourable than those currently on foot, it may materially impact the financial position, performance and prospects of the Company.

**(j) Third party suppliers**

The Company's ability to provide products is highly dependent on securing products and services from third party suppliers. The Company's business would be materially impacted if any of those suppliers were unwilling or unable to provide products as contracted or made a decision to supply products or services on unfavourable terms (including as a result of the circumstances relating to COVID-19). If suppliers fail to supply products or services, terminate the contracts connected with the supply of products or services (or allow them to expire without renewing them) or change the terms to be less favourable than those currently offered, and the Company is unable to arrange for the supply of replacement products or services from another supplier on similar terms, it may materially impact the financial position, performance and prospects of the Company.

**(k) Supply chain risk**

Disruption to the Company's supply chain may have a material adverse effect on the productivity and results of the Company's operations during the affected period. Any material damage or disruption to the Company's supply chain (including as a result of COVID-19) will impair the Company's ability to provide products and result in significant disruption to the business and the Company's customers.

**(l) Product liability risk**

The Company distributes and markets products on behalf of a number of the world's leading vendors as well as its own brands of smartphone, tablet and hybrid accessories. All of which must be fit for purpose and compliant with the Australian Consumer Law and the New Zealand Consumer Guarantees Act. All of the Company's products are managed through a multi stage quality and assurance program and must comply with strict original equipment manufacturer (OEM) specifications. However, there is an inherent risk that the products will contain defects or otherwise do not perform as expected or may breach the relevant consumer law.

If the Company's products fail to perform as expected, it could lose existing and future business and its ability to develop, market and sell its products could be harmed. Product defects or non-performance may also give rise to claims against the Company, diminish the brand or divert resources from other purposes, all of which could have a material adverse impact on the Company financially and reputationally.

**(m) Brand risk**

The Company's success in generating revenue and increasing its market share is based on the success of the key brands that it distributes and sells. Reliance on key brands makes the Company vulnerable to brand damage from negative publicity, product tampering or recalls, material delays in the supply of the key brands of such products to customers (including in connection with COVID-19) which may increase the risk of inventory and asset write-downs.

**(n) Competition risk**

The Company operates in a business environment and sector which is highly competitive. This competitive environment can be significantly affected by local market forces, such as new market entrants and changes in economic conditions and product demand. Any increased competition from new and existing competitors can impact on the Company's ability to generate sales, lead to a loss of market share and cause a reduction in profitability. Such changes to the competitive environment in which the Company operates may have an adverse impact on the Company's financial position, performance and prospects.



(o) **Insurance risk – general**

The Company maintains insurance coverage that is substantially consistent with retail sector practice. However, there is no guarantee that such insurances or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

Any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment and the impact of COVID-19 (for example, due to a deterioration of an insurer's ability to honour claim, a hardening of insurance markets or reduced capacity or willingness to insure), could adversely affect the Company's business, financial condition, risk profile or operational results.

(p) **Information technology risk**

Any data or information security breach has the potential to result in unauthorised access, disclosure, loss and/or misuse of company information which may cause significant business and reputational damage, adverse regulatory and financial impacts and legal proceedings. Additionally, business interruptions due to a failure of operating systems could impact the operations of the Company and lead to financial loss.

(q) **Foreign exchange and interest rate risk**

(i) **Foreign exchange risk** - A large proportion of the Company's products are sourced from overseas, either directly by the Company or indirectly through local suppliers. This exposes the Company to potential risk in the purchase price of products due to exchange rate movements (including as a result of the circumstances surrounding COVID-19).

The Company enters into derivative transactions, principally, foreign currency exchange contracts to manage the currency risk arising from the Company's operations.

If the Company is not able to recover foreign exchange driven cost increase (eg by passing the cost onto consumers), this may materially adversely impact the Company's financial performance and profitability.

(ii) **Interest rate risk** – The Company will be subject to the risk of rising interest rates associated with borrowing on a variable rate basis. To the extent that the Company does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect the Company's profitability.

(r) **Key personnel risk**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. If any member of the senior management team ceases their engagement with the Company there may be a detrimental impact on the Company's prospects.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(s) **Dividends**

There is no guarantee that the Company will pay dividends at any time in the future. Future determinations as to the payment of dividends will be at the discretion of the Board and will depend on the availability of profits, the operating results and financial condition of the Company, future capital requirements, covenants in relevant financing agreements, general business and financial conditions (including the current impact of COVID-19 on global economic conditions). No assurance can be given in relation to the level of franking of future dividends. Franking capacity will depend on the amount of Australian tax paid in the future and the existing franking credit balance.

(t) **Other business risk**

- (i) **Consumer spending** - The Company is exposed to consumer spending cycles and changes in consumer demand. A reduction in consumer spending and demand may lead to a decline in sales and profitability.
- (ii) **Online competition** – The Company is exposed to the risk of a growing number of online retailers competing for sales from the Company. Such additional competition from online retailers may lead to further declining sales and profitability.
- (iii) **Price deflation** – Price deflation is a feature of consumer electronic retail and may lead to a decline in sales and profitability.
- (iv) **Merchandising sourcing and management** – The Company relies on its ability to anticipate and meet the needs of its target consumers and purchases inventory accordingly. Misjudgements in demand in consumer preferences could result in overstocked inventory and the sale of products below originally anticipated selling price, which may in turn have an adverse impact on cash flows and profitability.
- (v) **Litigation** – Legal proceedings and claims may arise from time to time in the ordinary course of the Company's business and may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation which could have an adverse impact on the Company's financial position and financial performance and the price of the Company's shares.

(u) **Underwriting risk**

The Company has entered into an underwriting agreement with Thundering Herd Pty Ltd (**Underwriter**), under which the Underwriter has agreed to fully underwrite the Shortfall. The Underwriter's obligation to underwrite is conditional on certain customary matters. If certain events occur, the Underwriter may terminate the Underwriting Agreement. This would have an adverse impact on the amount of proceeds raised under the Entitlement Offer, which may limit the Company's ability to use the proceeds as described in this Retail Entitlement Offer Booklet.

If the underwriting does not proceed, there are the following risks:

- (i) The Eligible Institutional Shareholders will acquire up to 81.18% of the total issued shares in the Company.
- (ii) The following table shows approximate number of Shares held by, and approximate percentage of Shares held by the Eligible Institutional Shareholders after completion of the Entitlement Offer, assuming different levels of Acceptances:



	75% Acceptances		50% Acceptances		25% Acceptances	
Shareholder	Number of Shares	Voting Power	Number of Shares	Voting Power	Number of Shares	Voting Power
Eligible Institutional Shareholders	124,658,106	58.78%	124,658,106	64.73%	124,658,106	72.03%
Remainder of shareholders	87,433,741	41.22%	67,923,733	35.27%	48,413,724	27.97%
<b>Total</b>	<b>212,091,847</b>	<b>100.00%</b>	<b>192,581,839</b>	<b>100.00%</b>	<b>173,071,830</b>	<b>100.00%</b>

(v) **Listing Rule non-compliance**

As announced to ASX on 2 March 2020, a member of the Wentronic Group was a material supplier of inventory to Cellnet. Listing Rule 10.1 requires that a listed entity must not acquire a substantial asset from a related party or associate without shareholder approval. ASX has declined to waive any listing rule breach and considers that Cellnet did not comply with Listing Rule 10.1, for part, or all, of the period from 1 March 2017 to 2 March 2020 and that Cellnet must ask Shareholders to ratify the historic inventory purchase arrangements as a corrective action under Listing Rule 18.8(e). Cellnet intends to seek this ratification. Wentronic and its associates will not be permitted to vote on the resolution. If it is not ratified, there is a risk of further enforcement action with the possibility that it may have a material effect on Cellnet.

(w) **Liquidity and realisation risk**

There may be few potential buyers of the Company's Shares on the ASX at any time due to the large holding held by Wentronic. This may affect the prevailing market price at which Shareholders are able to sell their Shares. Further, there is a risk that Wentronic may sell its Shares at a future date. This could cause the price of the Company's Shares to decline.

### 3.3 General Risk Factors

(a) **Share market**

On completion of the Entitlement Offer, the New Shares may trade on ASX at higher or lower prices than the Offer Price. Investors who decide to sell their New Shares after the Entitlement Offer may not receive the amount of their original investment. There can be no guarantee that the price of New Shares will increase after listing. The price at which the New Shares trade on ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

(b) **Dependence on general economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions (whether or not due to COVID-19), including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact on the Company's earnings and financial performance.

(c) **Issue of additional securities**

Shareholders who do not participate in this Entitlement Offer, or who do not take up all of their Entitlement under the Entitlement Offer, will have their percentage security holding in the Company diluted by not participating to the full extent in the Entitlement Offer. In certain circumstances, the Board may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of existing Shareholders may be further reduced and diluted.

(d) **Legislative and regulatory changes**

Legislative or regulatory changes, including property or environmental regulations or regulatory changes in relation to products sold by the Company, could have an adverse impact on the Company.

## 4 Additional information

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### 4.1 Shareholders outside of a Permitted Jurisdiction

This Retail Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares, outside of a Permitted Jurisdiction. The New Shares may not be offered in a jurisdiction outside of a Permitted Jurisdiction and Germany where such an offer is not made in accordance with the laws of that place.

The distribution of this Retail Entitlement Offer Booklet in jurisdictions outside of a Permitted Jurisdiction may be restricted by law and therefore persons who come into possession of this document outside of a Permitted Jurisdiction should seek advice on, and observe, any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from certain countries to Australia may apply, an Eligible Retail Shareholder's Application for New Shares is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive that Eligible Retail Shareholder's Application Money.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in a Permitted Jurisdiction.

The Board may, in its absolute discretion, resolve to issue and allot New Shares to an Eligible Retail Shareholder on the condition that the Board in its absolute discretion is satisfied that the issue of New Shares within 3 months of the Closing Date by the Company does not breach any applicable laws.

#### (a) New Zealand securities law requirements

The Entitlements and the New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*. The offer of New Shares is renounceable in favour of members of the public.

This Retail Entitlement Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Retail Entitlement Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### (b) Germany

This Retail Entitlement Offer Booklet has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in any the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4) of the Prospectus Regulation, an offer of New Shares in each member state of the European Union is limited:

- (i) to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- (ii) to fewer than 150 natural or legal persons (other than qualified investors); or
- (iii) in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

(c) **Hong Kong**

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(d) **United States**

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Retail Entitlement Offer Booklet is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Entitlement Offer is not being made to US persons or persons in the United States.

#### 4.2 **Ineligible Retail Shareholders**

The Company has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside of a Permitted Jurisdiction.

Where this Retail Entitlement Offer Booklet has been dispatched to Ineligible Retail Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Retail Shareholders, certain Shareholders who would otherwise be Ineligible Retail Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

#### 4.3 **Underwriting arrangements**

On 7 May 2020, the Company entered into the Underwriting Agreement under which the Underwriter agreed to fully underwrite the Retail Entitlement Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations) agreed to indemnify the Underwriter, its employees and advisers against losses incurred in respect of the Entitlement Offer;
- (b) the Company and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer;

- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
- (i) the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business prior to the date of the Underwriting Agreement and remains at or below that level for at least two consecutive trading dates;
  - (ii) the Company does not despatch the Entitlement Offer materials on the due date or the Entitlement Offer materials or the Entitlement Offer is withdrawn by the Company;
  - (iii) it is announced by ASX that the Company will be removed from the official list of ASX, the Company is delisted or Shares are suspended from trading;
  - (iv) the Company defaults or breaches any terms, conditions, covenants or undertakings under the Underwriting Agreement which has, or is likely to have, a material adverse effect;
  - (v) the Company is prevented from issuing New Shares within the time required by the timetable, the Corporations Act and the Listing Rules;
  - (vi) any material authorisation referred to in the Entitlement Offer materials is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
  - (vii) there are adverse changes or disruptions in the political conditions or financial markets of key countries, or hostilities commence or escalate in certain key countries;
  - (viii) the Company fails to lodge the cleansing notice before its due date or the cleansing notice is defective or a supplementary statement is issued or is required to be issued under the Corporations Act;
  - (ix) material contracts are terminated or breached or materially amended without the prior written approval of the Underwriter (such approval not to be unreasonably withheld or delayed);
  - (x) an event of insolvency occurs;
  - (xi) any of the Entitlement Offer materials are or become false, misleading or deceptive (including by omission); or
  - (xii) there is a material adverse change (actual or prospective) in the condition, or in the assets, liabilities, financial position, trading results, earning, business, results of operation, management or prospects or forecasts, of the Company or its subsidiaries from that disclosed to the Underwriter.

For a complete list of termination events, please refer to the ASX Announcement released on 7 May 2020 and for details of the fee payable to the Underwriter, see the Appendix 3B released to ASX on 7 May 2020. The Underwriter may be reimbursed for certain expenses.

The Underwriter has not authorised or caused the issue of this Retail Entitlement Offer Booklet and take no responsibility for any information in this Retail Entitlement Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriter, its officers, employees, agents or advisers excludes and disclaims all liability, for any expense, losses, damages, or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Retail Entitlement Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

#### 4.4 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances. Neither the Company, the Underwriter, nor any of their officers, employees or agents, nor its taxation or other advisers accepts any liability or responsibility in respect of taxation consequences connected with the Entitlement Offer.

#### 4.5 **Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Entitlement and Acceptance Form or making a payment for New Shares by BPAY®, each Eligible Retail Shareholder agrees that the Company may use the information provided by an Eligible Retail Shareholder for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

Under the Privacy Act, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry.

#### 4.6 **Not investment advice**

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.

This Retail Entitlement Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

#### 4.7 **Future performance and forward looking statements**

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Retail Entitlement Offer.

Past Share price performance provides no guidance as to future Share price performance.

#### 4.8 **Governing law**

This Retail Entitlement Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of Applications are governed by the laws applicable in Queensland, Australia and each Eligible Retail Shareholder submits to the exclusive jurisdiction of the courts of Queensland, Australia.

#### 4.9 **Interpretation**

Some capitalised words and expressions used in this Retail Entitlement Offer Booklet have meanings which are explained in section 5.

A reference to time in this Retail Entitlement Offer Booklet is to the local time in Sydney, Australia, unless otherwise stated. All financial amounts in this Retail Entitlement Offer Booklet are expressed in Australian dollars, unless otherwise stated.



#### 4.10 **Disclaimer of representations**

No person is authorised to provide any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Retail Entitlement Offer Booklet.

Any information or representation that is not in this Retail Entitlement Offer Booklet may not be taken as having been authorised by the Company or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made in connection with this Retail Entitlement Offer.



## 5 Definitions

<b>Acceptance</b>	A valid Entitlement and Acceptance Form to subscribe for New Shares and, if applicable, Additional New Shares under the Retail Entitlement Offer
<b>Additional New Shares</b>	New Shares that Eligible Retail Shareholders may apply for in excess of their Entitlement under the Top Up Facility
<b>Applicant</b>	An Eligible Retail Shareholder who has submitted a valid Application
<b>Application</b>	The arranging for payment of Application Money through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Money.
<b>Application Money</b>	Money paid by Eligible Retail Shareholders for New Shares
<b>ASIC</b>	The Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
<b>Board</b>	The board of Directors
<b>Closing Date</b>	Friday, 29 May 2020 or as extended from time to time
<b>Company</b>	Cellnet Group Limited ACN 010 721 749
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company and <b>Directors</b> means the directors acting as a Board.
<b>Eligible Institutional Shareholders</b>	Wentronic, JP Morgan Nominees Australia Pty Ltd (for Wentronic) and Michael Wendt
<b>Eligible Retail Shareholder</b>	A Shareholder as described in section 1.3, subject to any election by the Company under section 4.2 and the provisions of section 2.9
<b>Entitlement</b>	The entitlement to 2.7 New Shares for every 1 Share held as at the Record Date. The entitlement of each Eligible Retail Shareholder is shown on the personalised Entitlement and Acceptance Form
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Retail Entitlement Offer Booklet
<b>Entitlement Offer</b>	An accelerated pro rata renounceable entitlement offer to raise approximately \$5.07 million
<b>Entitlement Trading Period</b>	The period described in section 1.10
<b>Ineligible Institutional Shareholder</b>	An Institutional Shareholder that is not an Eligible Institutional Shareholder
<b>Ineligible Retail Shareholder</b>	A retail Shareholder that is not an Eligible Retail Shareholder
<b>Institutional Entitlement Offer</b>	The accelerated, institutional component of the Entitlement Offer made to the Eligible Institutional Shareholders
<b>Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time

<b>New Shares</b>	Shares to be allotted and issued under the Entitlement Offer
<b>Nominee</b>	Berne No 132 Nominees Pty Ltd
<b>Offer Price</b>	\$0.03 per New Share
<b>Opening Date</b>	Friday, 15 May 2020
<b>Permitted Jurisdiction</b>	Australia, New Zealand, Hong Kong or Germany
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth)
<b>Reconciliation Shares</b>	The shares described in section 1.18.
<b>Record Date</b>	7pm (Sydney time) on Monday, 11 May 2020
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Renunciation and Acceptance Form</b>	The renunciation and acceptance form which can be used to sell or transfer Entitlements off market
<b>Retail Entitlement Offer</b>	The offer of New Shares made in this Retail Entitlement Offer Booklet
<b>Retail Entitlement Offer Booklet</b>	This booklet
<b>Share</b>	A fully paid ordinary share in the Company
<b>Share Registry</b>	Link Market Services Limited
<b>Shareholder</b>	A holder of Shares
<b>Shortfall</b>	New Shares not applied for by Eligible Retail Shareholders under the Entitlement Offer before the Closing Date (including as part of any Top Up Facility)
<b>Shortfall Shares</b>	New Shares constituting the Shortfall that may be applied for by the Underwriter or otherwise placed by the Directors in their discretion
<b>Top Up Facility</b>	The top up facility under which certain Eligible Retail Shareholders may elect to subscribe for Additional New Shares
<b>Underwriter</b>	Thundering Herd Pty Ltd ACN 603 726 085
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Underwriter dated 7 May 2020
<b>US or United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Person</b>	The meaning given in Regulation S under the US Securities Act
<b>US Securities Act</b>	The <i>United States Securities Act of 1933</i> , as amended
<b>Wentronic</b>	Wentronic Holding GmbH

## **CORPORATE DIRECTORY**

### **Directors**

Michael Wendt – Non Executive Chairman  
Tony Pearson – Non-Executive Director  
Kevin Gilmore – Non Executive Director  
Chris Barnes – Executive Director

### **Senior management**

Alan Sparks – Chief Executive Officer

### **Solicitors to the Offer**

Thomson Geer Lawyers  
Level 28, Waterfront Place  
1 Eagle Street  
BRISBANE QLD 4000

### **Website**

[www.cellnet.com.au](http://www.cellnet.com.au)

### **Share Registry**

Link Market Services Limited  
Level 21  
10 Eagle Street  
Brisbane QLD 4000  
Phone: 1300 554 474  
Overseas callers: +61 1300 554 474  
Facsimile: +61 2 9287 0303

### **Registered office**

Tenancy E1/5  
Grevillea Place  
BRISBANE AIRPORT QLD 4008

### **Underwriter**

Thundering Herd Pty Ltd  
Level 27  
101 Collins Street  
MELBOURNE VIC 3000



discover the next

ABN 97 010 721 749

All Registry communications to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone: 1300 554 474  
From outside Australia: +61 1300 554 474  
ASX Code: CLT  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

SRN/HIN:

Entitlement Number:

Subregister:

Number of Eligible Shares held as  
at the Record Date, 7:00pm (Sydney time)  
on 11 May 2020:

Entitlement to New Shares  
(on a 2.7 New Shares for 1 basis):

Amount payable on full acceptance  
at A\$0.03 per Share:

<b>Offer Closes</b> <b>5:00pm (Sydney time):</b>	<b>29 May 2020</b>
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## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 2.7 New Shares for every 1 Existing Share that you hold on the Record Date, at an Offer Price of A\$0.03 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Offer Booklet dated 15 May 2020. The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet.

If you do not have a paper copy of the Offer Booklet, you can obtain a paper copy at no charge, by calling the Cellnet Group Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia).

### PAYMENT OPTIONS – If you wish to take up all or part of your entitlement, you have two payment options detailed below.

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (Sydney time) on 29 May 2020. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Entitlement and Acceptance Form for the number of Shares subject of your application payment.



**Biller Code:** 318311  
**Ref:**

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance form. The acceptance form with your Application Monies must be received by the Registry before 5:00pm (Sydney time) on 29 May 2020.

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)  
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form. If you do not take up or sell your entitlements, you may not receive any value for them. It is important that you decide whether to accept or sell your entitlements in accordance with the Offer Booklet.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**



ABN 97 010 721 749

Please detach and enclose with payment



SRN/HIN:

Entitlement Number:

**A** Number of New Shares accepted (being not more than your Entitlement shown above)

**B** Number of additional New Shares

**C** Total number of New Shares accepted (add Boxes A and B)

**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Cellnet Group Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**E CONTACT DETAILS** – Telephone Number

Telephone Number – After Hours

Contact Name

## CELLNET GROUP LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, New Zealand, Hong Kong and Germany. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

### ACCEPTANCE OF ENTITLEMENT OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Booklet and that you acknowledge the matters, and make the warranties and representations set out in the Offer Booklet and this Acceptance and Entitlement Form;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Cellnet Group Limited.

### HOW TO APPLY FOR NEW SHARES

#### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.03.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

##### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

##### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Cellnet Group Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

##### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Cellnet Group Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Cellnet Group Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

#### 3. SALE OF YOUR ENTITLEMENT IN FULL OR IN PART BY YOUR STOCKBROKER AND ACCEPTANCE OF THE BALANCE

If you wish to sell all of your Entitlements through your stockbroker or if you wish to sell part of your Entitlements through your stockbroker and accept the balance you should contact your stockbroker and provide details as requested which appear overleaf.

You should complete the "Instructions to your Stockbroker" panel below and forward this Entitlement and Acceptance Form to your stockbroker.

##### Instructions to your Stockbroker

I/We have accepted	<input type="text"/>
	New Shares as per reverse side
And attach a cheque/bank draft for	A\$ <input type="text"/>
	being acceptance monies at A\$0.03 per New Share
I/We wish to sell	<input type="text"/>
	Entitlements to Ordinary Shares

#### 4. DISPOSAL OF YOUR ENTITLEMENT OTHER THAN THROUGH A STOCKBROKER

A renunciation form must be used for all other transactions. These forms may be obtained from the Cellnet Group Limited Registry or your stockbroker.

#### 5. OVERSEAS SHAREHOLDERS

The Offer Booklet and Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction outside of Australia, New Zealand, Hong Kong and Germany or to any person to whom it would not be lawful to issue the Offer Booklet. By applying for New Shares under this Entitlement and Acceptance Form or by accepting this offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

### 6. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Cellnet Group Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 29 May 2020. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Cellnet Group Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Cellnet Group Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.**



15 May 2020

Dear Shareholder

**Accelerated pro-rata renounceable entitlement offer - Notification to Ineligible Retail Shareholders**

Cellnet Group Limited ACN 010 721 749 (**Company**) announced on 7 May 2020 that it is conducting a capital raising via an accelerated pro-rata renounceable pro-rata entitlement offer to eligible shareholders to raise approximately \$5.07 million (before offer costs) (**Entitlement Offer**). The Entitlement Offer comprises 2.7 new shares (**New Shares**) for every 1 existing share held at 7.00pm (Sydney time) on Monday, 11 May 2020 (**Record Date**) at an offer price of \$0.03 per New Share.

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate at the same offer price as the institutional shareholders (**Retail Entitlement Offer**). The Institutional Entitlement Offer has already closed and the results announced to ASX.

The net proceeds raised by the Entitlement Offer comprises the equity component of Cellnet's funding strategy. The additional equity will strengthen Cellnet's balance sheet and support the additional debt facilities provided by Cellnet's senior lender. The funds raised will be used to acquire inventory, for general working capital and to pay offer costs.

This letter is to inform you that, unfortunately, you are not eligible to participate in the Retail Entitlement Offer. You are not required to do anything in respect to this letter.

**Why am I not eligible to participate in the Retail Entitlement Offer?**

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- are registered as a holder of ordinary shares in the Company as at the Record Date;
- have a registered address on the Company's register of members in Australia, New Zealand, Hong Kong and Germany;
- are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- did not receive an offer to participate in the Institutional Entitlement Offer, and were not otherwise treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered or any other approval or formality.

The Company has determined, pursuant to section 9A(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries in outside of Australia, New Zealand, Hong Kong and Germany in connection with the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia, New Zealand, Hong Kong and Germany and the potential costs to the Company of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing Company shares they hold and the relatively low value of New Shares to which those shareholders would be entitled to subscribe for.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

As an ineligible retail shareholder, you are not required to do anything in response to this letter.

**What will happen to the New Shares that I would have been entitled to subscribe for if I was an Eligible Retail Shareholder?**

The Company has appointed Berne No 132 Nominees Pty Ltd (**Nominee**), to arrange for the sale of the entitlements which would have been granted to you under the Retail Entitlement Offer.

The Company will issue the entitlements to the Nominee that would otherwise have been granted to you. The Nominee will not be subscribing for the New Shares but may dispose of the entitlements, if there is a viable market for the entitlements, at any price necessary to any buyer, it is, at its discretion, able to procure.

The Nominee will have the absolute discretion to determine the timing and the price at which the entitlements may be sold and the manner of any such sale.

Subject to it being economic to do so, any net proceeds of sale will be distributed to each of those ineligible retail shareholders for whose benefit the entitlements are sold in proportion to the ineligible retail shareholders' entitlement.

Please note that neither the Company nor the Nominee will be held liable for the sale of such New Shares at any particular price or the timing of such sale. If the Nominee forms the reasonable opinion that there is not a viable market for such entitlements or a surplus of sale proceeds over expenses from the sale cannot be obtained in relation to the sale of such entitlements, those entitlements will be allowed to lapse. No money will be payable to you in such circumstances.

On behalf of the directors and management of the Company, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony Pearson', with a stylized, cursive script.

**Tony Pearson**  
Director